

■ Going On-line

E-exporting

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The Internet's worldwide reach has made marketing products and services abroad a low-cost alternative to traditional international business. Today, corporate Web sites offer portals to the global marketplace previously unavailable or too expensive for a small or medium-sized firm. Whether a firm's site publicizes its products and services via an electronic catalog that features on-line ordering and tracking or it provides an electronic inventory of a company's business segments, product applications, and technical specifications with on-line technical support, the company's Web presence is a valuable marketing tool to build customer awareness, advertise the firm's technical prowess in a particular business segment, and alert on-line visitors to authorized representatives and dealers found in their localities. Web site construction and maintenance costs vary widely, which allows a small or medium-sized enterprise to invest in e-business internationally without incurring significant marketing expenses characterized in "brick and mortar" marketing processes. Thus, a small or medium-sized company can marshal its available resources to broaden its market presence internationally by employing electronic business practices.

As with traditional commerce, international e-business includes categories such as business to consumer (B2C) marketing or e-retailing, business to business (B2B), government to business (G2B), and peer to peer (P2P) or e-marketplaces. By far, B2C activities

surpass the activities of all the other categories on an international level. Commercial and industrial e-marketplaces have been established and have had some success in countries such as Brazil, Mexico, and the United States.

WHY USE ELECTRONIC COMMERCE FOR INTERNATIONAL BUSINESS?

Today, more than 600 million people throughout the world are connected to the Internet. This global interconnectedness offers a tremendous potential customer base for entrepreneurs. B2B e-commerce is rising significantly as well. Increasingly, corporations in Europe, Asia, Latin America, and Africa are migrating many of their marketing programs on-line to seek new business in regions and countries they had heretofore thought beyond their resources. They also seek new supply sources, services to meet their internal needs, and partners to share manufacturing and marketing responsibilities.

For certain industries, products and services, going on-line reduces variable costs associated with international marketing. Tasks such as order processing, payment, after-sales service, marketing (direct e-mail), and advertising on various sites, may lower an enterprise's international market development costs that would be incurred if the firm employed conventional market penetration strategies. One important caveat: although English is spoken in many countries around the world, it is still important to consider using the languages prevalent in the countries targeted in a company's e-business strategy.

A firm's marketing department or executive should study electronic commerce as an innovative approach to exporting beyond the traditional commercial model. E-commerce influences marketing, production, and consumption. Information gathered from customers via on-line stores is used to customize products, forecast demand, and develop business strategies. Consumers not only pay on-line for products and services, but also search for information about products, negotiate with vendors, and reveal their preferences via their purchasing patterns.

However, the marketing executive should be familiar with the steps necessary to make the firm's Web site e-export capable. Many U.S. companies have Web sites that fulfill one or more marketing functions tailored to their business specialties. These sites feature one or more of the following characteristics:

Transactional site: Transactional sites are full-service and allow clients to search for, order, and pay for products on-line as well as allowing them to contact the company for after-sales service. The most sophisticated sites create efficiencies by integrating the transaction process with back-office systems such as accounting, inventory, and sales administration.

Information delivery site: This type of site generates sales by promoting awareness of a company rather than facilitating on-line transactions. Its function is similar to a brochure, providing information about products or services, as well as contact information

on how to proceed with a purchase. An information delivery site is ideal for companies that market products and services that cannot be delivered on-line or goods that cannot be sold on-line.

E-marketplaces: These sites are market makers; they bring buyers and sellers together to facilitate transactions. Participation in a brokerage often provides an efficient way of finding a customer without the expense of building a proprietary transactional Web site. Types of brokerages include auctions, virtual malls, and business partner matching services.

MARKETING ON THE WEB

Building an On-line Image

An on-line exporter may choose domain names localized for his target markets. Locally branded domain names can increase brand awareness, promote Web site address recall, and stimulate brand loyalty. Most local search engines only display locally relevant content by filtering the search results to include local country-code domains only. A company that wants to have a local domain name must research the rules by country, as registration requirements vary.

Register Your Site with Search Engines

On-line exporters should register with search engines popular with their target audiences in target markets.

Choose a Web Host

Web hosting services often go beyond Web site maintenance to include domain name registration, Web site design, and search engine registration. For some on-line exporters, it may be most feasible to use a Web host in their target markets to take advantage of all of these localized services.

Web Site Content

As with the physical world, companies that market on-line to foreign countries should be concerned with local preferences, client tastes, and historical consumption and usage trends (consumer,

commercial, and industrial market segments). It is important to research local commercial codes, standards, and import requirements to assure that foreign products and services comply with local laws. Adapting one's Web site to meet the linguistic, cultural, and commercial requirements of a targeted market may be incorporated into the enterprise's strategy for Web site and business development.

CODES OF CONDUCT AND BUSINESS PRACTICES FOR THE ON-LINE EXPORTER

Essential to building a strong consumer base in the on-line world is establishing a strong sense of consumer confidence. It is especially important to the e-exporting firm because its competition is much more intense and consumer choices are far more extensive than in the physical world. The Council of Better Business Bureaus and its subsidiary BBBOnLine have found that many on-line studies have revealed common consumer reservations about doing business on-line. Many of these apply to e-business as well. These concerns range from uncertainty that one's personal information including credit card or payment mechanisms are secure, deceptive commercial practices, misrepresentation of products or services, incomplete guidance on return policies, warranties, and independent verification that a company is legitimate. These studies also found that it was critical to have an adequate means of resolving disputes with between the buyer and the seller in order to build a high degree of trust in a vendor's enterprise.

BBBOnLine offers a Web business guide, *Code of Online Business Practices*, which delineates five principles for ethical "business to customer" conduct. These principles encompass sound, prudent commercial practices that reputable companies have followed for years:

- Truthful and accurate communications
- Disclosure (information about the business, products, and transactions)
- On-line security and privacy policies

- Customer satisfaction (provide a means for resolving disputes that is impartial, prompt, and courteous)
- Protection of children

The guide may be obtained at www.bbbonline.org. Additionally, the Better Business Bureau system offers alternative dispute resolution services for some foreign markets as part of its Reliability seal. Privacy is of great concern for many consumers; some seals or "trustmarks" guarantee privacy and mediation of complaints.

In partnership with the U.S. Department of Commerce, the Council of Better Business Bureaus has developed the Global Trustmark Alliance, which establishes partnerships with comparable organizations in several regions of the world to design and implement a global trustmark. When awarded and displayed on a company's Web site, this trustmark will give consumers confidence that the company has adopted a code of conduct to protect its customers' privacy and individual transactions, as well as enacted business practices to guarantee Web site security. The council will host a series of Web exporting seminars to showcase how small and medium-sized enterprises can do business on-line. For more information, see www.bbbonline.org/conferences and www.export.gov. ■

The U.S. Department of Commerce has created two tools to assist companies with IT assessment. Both tools are available for free on the Internet. The IT Management Planning Tool helps companies determine how IT can improve their business operations and helps identify technologies that can lower costs, increase competitiveness, or improve service delivery. The eScan Security Assessment is a diagnostic tool designed to assess the electronic security infrastructure of a small business and provide an action plan for improving it. See the IT Management Planning Tool at www.myinfotech.org and the eScan Security Assessment at <http://escan.nist.gov/sat/index.nist>.

For more guidance on doing business with consumers internationally, see the OECD Guidelines on Consumer Protection in the Context of Electronic Commerce at www.ftc.gov/opa/1999/12/oecdguide.htm.